

**OFFICE OF INSPECTOR GENERAL  
CORPORATION FOR NATIONAL AND  
COMMUNITY SERVICE**

**AGREED-UPON PROCEDURES FOR  
CORPORATION FOR NATIONAL AND COMMUNITY  
SERVICE GRANTS  
AWARDED TO THE CORPS NETWORK**

**OIG REPORT 09-07**



Prepared by:

COTTON & COMPANY LLP  
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Alexandria, Virginia 22314

This report was issued to Corporation management on February 17, 2009. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than August 17, 2009 and complete its corrective actions by February 17, 2010. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



## OFFICE OF INSPECTOR GENERAL

February 17, 2009

TO: Lois Nembhard  
Acting Director, AmeriCorps\*State and National

Margaret Rosenberry  
Director, Office of Grants Management

FROM: Stuart Axenfeld /s/  
Assistant Inspector General for Audit

SUBJECT: Report 09-07, *Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to The Corps Network*

We contracted with the independent certified public accounting firm of Cotton & Company LLP (Cotton) to perform agreed-upon procedures in its review of Corporation grants awarded to *The Corps Network*. The contract required Cotton to conduct its review in accordance with generally accepted government auditing standards.

Cotton is responsible for the attached report, dated September 19, 2008, and the conclusions expressed therein. We do not express opinions on the Consolidated Schedule of Claimed and Questioned Costs, supporting schedules, and conclusions on the effectiveness of internal controls; or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by August 17, 2009. Notice of final action is due by February 17, 2010.

If you have questions pertaining to this report, please call me at (202) 606-9360 or Jim Elmore at (202) 606-9354.

### Attachment

cc: Ms. Sally T. Prouty, President and Chief Executive Officer, The Corps Network  
William Anderson, Acting Chief Financial Officer  
Rocco Gaudio, Deputy Chief Financial Officer, for GFFM  
Sherry Blue, Audit Resolution Coordinator  
Sam Hadley, Partner, Cotton & Company LLP



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**OFFICE OF INSPECTOR GENERAL  
AGREED-UPON PROCEDURES FOR  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
GRANTS AWARDED TO  
THE CORPS NETWORK**

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## EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Cotton & Company LLP to perform agreed-upon procedures to assist the OIG in grant cost and compliance testing of Corporation-funded Federal assistance provided to The Corps Network, formerly known as the National Association of Service and Conservation Corps (NASCC).

### SUMMARY OF RESULTS

As a result of applying our procedures, we questioned claimed Federal-share costs of \$61,612 and education awards of \$37,928. A questioned cost is an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds or a finding that, at the time of testing, includes costs not supported by adequate documentation. Detailed results of our agreed-upon procedures on claimed costs are presented in Exhibit A and the supporting schedules.

Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and, in some cases, accrued interest awards funded by the Corporation's National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. However, as part of our agreed-upon procedures, and using the same criteria used for the grantees claimed costs, we determined the effect of our findings on eligibility for education awards and accrued interest awards, which are directly funded by the National Service Trust.

The following is a summary of grant compliance testing results. These results, along with applicable recommendations, are discussed in Exhibit B.

1. Subgrantees claimed unallowable and unsupported costs.
2. Some member contracts were not signed before applicants started service.
3. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.
4. Subgrantees had weaknesses in member timekeeping procedures.
5. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's Web-Based Reporting System (WBRS) in accordance with AmeriCorps requirements.
6. Subgrantees did not conduct orientation training or document member attendance at orientation for all members.
7. The Corps Network and its subgrantees' financial management systems did not adequately account for and report grant costs in accordance with Federal requirements.
8. The Corps Network did not ensure that subgrantees complied with AmeriCorps requirements for member eligibility and living allowance payments.

9. The Corps Network did not operate its Gulf Coast Recovery Corps (GCRC) Program in accordance with the approved grant application.

Additionally, our interaction with The Corps Network management revealed a lack of understanding of cost principles, grant provisions, and general grant accounting guidelines. We determined that lack of proper monitoring of the fiscal and programmatic activities of the subgrantees allowed the conditions expressed in the findings to exist and continue. We also found that several subgrantees were unaware of grant provisions and laws and regulations, and were provided incorrect guidance from The Corps Network.

**Recommendation 10.** In addition to the individual recommendations contained in this report, the Corporation should direct The Corps Network to develop a comprehensive action plan to address and correct the deficiencies noted in this report. The action plan must include all subgrantees, not just those tested during this engagement.

Accountants' Comment: The Corps Network did not address this recommendation and the Corporation stated it would address this recommendation when the final report is issued (see Appendix B).

**AGREED-UPON PROCEDURES SCOPE**

We performed the agreed-upon procedures detailed in the OIG's Agreed-Upon Procedures (AUP) Program for Corporation Awards to Grantees (including subgrantees), dated January 2008. Our procedures covered testing of the following grants:

Award	Award No.	Award Period	AUP Period	Total Award
AmeriCorps National	04NDHDC001	10/01/04-09/30/08	10/01/05-09/30/07	\$4,663,904
AmeriCorps National	06NDHDC005	01/01/07-12/31/09	01/01/07-09/30/07	\$573,504
AmeriCorps National	06EDHDC001	07/01/06-06/30/09	07/01/06-09/30/07	\$1,400,000

The OIG's agreed-upon procedures program included:

- Obtaining an understanding of The Corps Network and its subgrantee monitoring process.
- Reconciling claimed grant costs and match costs of The Corps Network and a sample of subgrantees to their accounting systems.
- Testing subgrantee member files to verify that records supported eligibility to serve, allowability of living allowances, and education awards.
- Testing compliance of The Corps Network and a sample of subgrantees on selected AmeriCorps Provisions, and award terms and conditions.
- Testing claimed grant costs and match costs of The Corps Network and a sample of subgrantees to ensure:
  - AmeriCorps grants were properly recorded;
  - Costs were properly matched; and

- Costs were allowable and supported in accordance with applicable Office of Management and Budget (OMB) circulars, grant provisions, award terms and conditions.

We performed testing of the Rural Response Program (RR), GCRC Program, Civic Justice Corps Program (CJC), and Education Award Program (EAP) at The Corps Network and five of its subgrantee sites, from April 2008 through August 2008.

## **BACKGROUND**

### **The Corporation**

The Corporation supports a range of national and community service programs that provide an opportunity for individuals (members) to serve full- or part-time. The Corporation funds opportunities for Americans to engage in service that fosters civic responsibility and strengthens communities. It also provides educational opportunities for those who have made a substantial commitment to service.

The Corporation has three major service initiatives: National Senior Service Corps, AmeriCorps, and Service-Learning (Learn and Serve America). The AmeriCorps Program, the largest of the initiatives, is funded in two ways: grants through the State Commissions, and direct funding to applicants, including funding under the National Direct Program. The AmeriCorps National Direct grant is an annual award passed through the grantee to its subgrantee sites. The subgrantees recruit and select volunteers who earn a living allowance and/or education awards.

### **The Corps Network**

The Corps Network is a non-profit organization that was founded in 1985 as the NASCC. A board of directors governs The Corps Network, which is located in Washington D.C. The Corps Network serves as an umbrella organization for the affiliated service and conservation corps across the United States and promotes opportunities for individuals between the ages of 16 and 25 to engage in service and conservation projects.

## **EXIT CONFERENCE**

The contents of this report were discussed with representatives from The Corps Network and the Corporation on October 29, 2008. The Corps Network and the Corporation provided written responses to the draft report. We summarized those comments in appropriate sections of this report and included the full comments from The Corps Network in Appendix A, and the full comments of the Corporation in Appendix B. The Corporation responded to one finding, and stated it will address the remaining findings and questioned costs in its management decision after the final report is issued.



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September 19, 2008

Office of Inspector General  
 Corporation for National and Community Service

**INDEPENDENT ACCOUNTANTS' REPORT ON  
 APPLYING AGREED-UPON PROCEDURES**

Cotton & Company LLP performed the procedures detailed in the *OIG's Agreed-Upon Procedures Program for Corporation Awards to Grantees (including Subgrantees)*, dated January 2008. These procedures were agreed to by the OIG solely to assist it in grant cost and compliance testing of Corporation-funded Federal assistance provided to The Corps Network for the awards detailed below.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures, either for the purpose for which this report has been requested or any other purpose.

Our procedures covered testing of the following awards:

<b>Award</b>	<b>Award No.</b>	<b>Award Period</b>	<b>AUP Period</b>	<b>Total Award</b>
AmeriCorps National	04NDHDC001	10/01/04-09/30/08	10/01/05-09/30/07	\$4,663,904
AmeriCorps National	06NDHDC005	01/01/07-12/31/09	01/01/07-09/30/07	\$573,504
AmeriCorps National	06EDHDC001	07/01/06-06/30/09	07/01/06-09/30/07	\$1,400,000

We performed testing of the RR and GCRC Programs (Award No. 04NDHDC001), CJC Program (Award No. 06NDHDC005), and the EAP (Award No. 06EDHDC001) at The Corps Network and five of its subgrantees sites.

<b>Site</b>	<b>Programs Tested</b>
The Corps Network	RR, GCRC, CJC
California Conservation Corps (CCC)	EAP
Minnesota Conservation Corps (MCC)	RR, GCRC
Vermont Youth Conservation Corps (VYCC)	RR, GCRC
Southwest Conservation Corps (SCC)	GCRC
Earth Conservation Corps (ECC)	CJC

We selected and tested labor, benefits, and other direct costs at The Corps Network, VYCC, MCC, SCC, and ECC through September 30, 2007. At the request of the OIG, we expanded testing at ECC to include incurred costs for all of PY 2006-2007. We also tested certain grant compliance requirements by sampling the files of 121 of 995 subgrantee members. We performed all applicable testing procedures in the AUP Program for each sampled member file.

Site	PY 2005-2006	PY 2006-2007	PY 2007-2008
California Conservation Corps	0	25	25
Minnesota Conservation Corps	9	10	0
Vermont Youth Conservation Corps	10	7	0
Southwest Conservation Corps	9	0	0
Earth Conservation Corps	<u>0</u>	<u>26</u>	<u>0</u>
Total	<u>28</u>	<u>68</u>	<u>25</u>

**RESULTS OF AGREED-UPON PROCEDURES**

We questioned claimed Federal-share costs of \$61,612. A questioned cost is an alleged violation of provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds or a finding that, at the time of testing, includes costs not supported by adequate documentation.

We questioned education awards of \$37,928. Grant participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and repayment of student loan interest accrued during the term of service from the National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. As part of our agreed-upon procedures and using the same criteria as claimed costs, we determined the effect of our findings on education and accrued interest award eligibility.

Detailed results of our agreed-upon procedures on claimed costs are presented in Exhibit A and the supporting schedules. Results of testing grant compliance are summarized in Exhibit B. We were not engaged to, and did not perform an examination, the objective of which would be expression of an opinion on the subject matter. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the information and use of the OIG, the Corporation, The Corps Network, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

Sam Hadley, CPA, CGFM  
Partner

**THE CORPS NETWORK  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS  
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS**

Award No.	Federal Costs			Education Awards	Reference
	Awarded	Claimed	Questioned	Questioned	
<b>04NDHDC001-RR and GCRC</b>					
<b>RR Program</b>					
Minnesota Conservation Corps	\$1,090,200	\$1,006,882		\$4,809	Schedule A
Vermont Youth Conservation Corps	<u>551,025</u>	<u>461,120</u>	<u>\$219</u>	<u>9,489</u>	Schedule B
Subtotal	<u>\$1,641,225</u>	<u>\$1,468,002</u>	<u>\$219</u>	<u>\$14,298</u>	
<b>GCRC Program</b>					
Minnesota Conservation Corps	\$15,477	\$15,229			Schedule A
Vermont Youth Conservation Corps	27,472	35,281			Schedule B
Southwest Conservation Corps	<u>179,600</u>	<u>166,485</u>	<u>\$61,988</u>		Schedule C
Subtotal	<u>\$222,549</u>	<u>\$216,995</u>	<u>\$61,988</u>		
Others-RR and GCRC Program	<u>\$1,560,130</u>	<u>\$1,537,364</u>			
<b>Total</b>	<u>\$3,423,904</u>	<u>\$3,222,361</u>	<u>\$62,207</u>	<u>\$14,298</u>	
<b>06NDHDC005-CJC</b>					
Earth Conservation Corps <sup>1</sup>	\$175,706	\$66,053	<u>(\$595)</u>	<u>\$23,630</u>	Schedule D
Others	<u>397,898</u>	<u>307,167</u>			
<b>Total</b>	<u>\$573,604</u>	<u>\$373,220</u>	<u>(\$595)</u>	<u>\$23,630</u>	
<b>06EDHDC001- EAP</b>	<u>\$1,400,000</u>	<u>\$591,600<sup>2</sup></u>			
<b>Total</b>	<u>\$5,397,508</u>	<u>\$4,187,181</u>	<u>\$61,612</u>	<u>\$37,928</u>	

<sup>1</sup> At the request of the OIG, we expanded testing at ECC to include costs through February 2008, which were reimbursed by The Corps Network, as well as all other program costs incurred by ECC for the remainder of PY 2006-2007 that The Corps Network had not yet paid. Schedule D provides the detailed results of the testing.

<sup>2</sup> This was the amount The Corps Network drew down as of September 30, 2007. The Corps Network receives a \$400 administrative fee for each eligible full-time member enrolled in the program.

**THE CORPS NETWORK  
SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
MINNESOTA CONSERVATION CORPS**

	PY 2005-2006	PY 2006-2007	Note
Claimed Federal Costs	<u>\$497,347</u>	<u>\$509,535</u>	
Questioned Education Awards:			
Timesheet/WBRS Hours Discrepancy	<u>\$28</u>	<u>\$4,781</u>	1

1. Timesheets did not support hours recorded in WBRS for 1 of 8 sampled full-time members in PY 2005-2006 and 2 of 9 sampled full-time members in PY 2006-2007 (see Compliance Finding 4).

AmeriCorps Special Provisions (2005-2006), Section IV. C.2., *AmeriCorps Member*, requires that grantees keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service benefits. The Corporation uses time-and-attendance information in WBRS to track member status, which forms the basis for calculating education awards.

Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive education awards to which they are not entitled. We questioned a prorated portion of the partial education awards to the two members (one from PY 2005-2006 and one from PY 2006-2007) who left for compelling personal circumstances. The timesheets for these members did not support the WBRS hours used to calculate their partial education awards. We also questioned the full education award of \$4,725 for one PY 2006-2007 member because the member's timesheets did not support the 1,700-service hours that are necessary to earn a full education award.

Member	WBRS Hours	Timesheet Hours	Difference	Questioned Education Award	Questioned Portion of Partial Award <sup>3</sup>
1	1,333.0	1,323.0	10.0		\$28
2	1,533.5	1,513.5	20.0		\$56
3	1,702.5	1,692.5	10.0	\$4,725	

<sup>3</sup> The questioned education awards for the two members with partial education awards were calculated as follows: (WBRS Hours/1,700 hours x \$4,725)-(timesheet hours/1,700 hours x \$4,725).

**THE CORPS NETWORK  
SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
VERMONT YOUTH CONSERVATION CORPS**

	PY 2005- 2006	PY 2006- 2007	Notes
Claimed Federal Costs	<u>\$242,925</u>	<u>\$218,195</u>	
Questioned Federal Costs			
Used participant support costs for administrative costs	<u>\$219</u>		1
Questioned Education Awards			
Timesheet/WBRS hours discrepancies	<u>\$4,746</u>	<u>\$4,743</u>	2

1. VYCC used \$219 budgeted for member support for administrative costs in PY 2005-2006 and did not provide documentation of prior written approval for deviating from its approved budget. AmeriCorps Special Provisions (2005-2006), Section IV. M.3., *Budgetary Changes*, states that the grantee must obtain prior written approval of the Corporation’s Office of Grants Management before deviating from the approved budget by reallocating funds from the member support cost category to other categories of the approved budget. We questioned \$219 for reallocated costs claimed without prior written approval (See Compliance Finding 1).
2. Timesheets did not support hours recorded in WBRS for 4 of 10 sampled members in PY 2005-2006 and 2 of 7 sampled members in PY 2006-2007 (See Compliance Finding 4).

AmeriCorps Special Provisions (2005-2006), Section IV C.2., *AmeriCorps Member*, requires that grantees keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service benefits. The Corporation uses time-and-attendance information in WBRS to track member status, which forms the basis for calculating education awards.

Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive education awards to which they are not entitled. We questioned the education awards for the members who did not meet the minimum service hours required to earn education awards. We also questioned portions of prorated awards provided for compelling personal circumstances in instances where service hours used in the calculations were overstated. Therefore, we questioned the education awards of \$9,450 for one full-time PY 2005-2006 member and one full-time PY 2006-2007 member who completed service. In addition, we questioned the education awards \$39 for one PY 2005-2006 part-time member and one PY 2006-2007 member who earned partial education awards because of personal compelling circumstances.

Member	WBRS Hours	Timesheet Hours	Difference	Questioned Education Award	Questioned Portion of Partial Award <sup>4</sup>
1	1,700.0	1,648.0	52.0	\$4,725	
2	488.0	480.0	8.0		\$21
3	1,727.5	1,719.5	8.0		
4	1,751.0	1,723.0	28.0		
5	1,460.0	1,453.0	7.0		\$18
6	1,700.0	1,666.0	34.0	\$4,725	

<sup>4</sup> The questioned education awards for the two members with partial education awards were calculated, as follows: (WBRS Hours/1,700 hours x \$4,725)-(timesheet hours/1,700 hours x \$4,725).

**THE CORPS NETWORK  
SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
SOUTHWEST CONSERVATION CORPS**

	PY 2005-2006	Note
Claimed Federal Costs	<u>\$166,485</u>	
Questioned Federal Costs		
Unsupported costs	\$55,576	1
Living allowance paid to Education Award Only member	1,896	2
Living allowance paid to non-AmeriCorps member	1,418	3
Administrative Costs	<u>3,098</u>	4
Total Questioned Federal Costs	<u>\$61,988</u>	

1. SCC did not provide adequate supporting documentation, such as timesheets, invoices, and receipts to support \$55,576 of claimed personnel costs, other program costs (uniforms, personal protective equipment, communications, gear, and supplies), living allowances, and member support costs on its GCRC Program.

Category	Claimed	Supported	Unsupported
Personnel Costs	\$30,014		\$30,014
Fringe Benefits	8,109		8,109
Uniforms and PPE	1,563		1,563
Communications, Gear, and Supplies	7,150		7,150
Living Allowance	54,242	\$53,942	300
Member Support Costs	<u>10,773</u>	<u>2,333</u>	<u>8,440</u>
Total	<u>\$111,851</u>	<u>\$56,275</u>	<u>\$55,576</u>

SCC claimed personnel costs, fringe benefits, uniforms and communications costs using an allocation of total program costs, which includes GCRC members and other members. Total costs for calendar year 2007 were accumulated and allocated to GCRC based on the total service weeks performed by GCRC members to total service weeks in the program.

This allocation method does not result in an equitable allocation of costs to the GCRC program for several reasons:

- SCC's personnel costs allocation included the cost-share for its Volunteers in Service to America (VISTA) member. VISTA is a separate Federal program from the GCRC Program and any costs associated with that program are not allowable under the GCRC Program.

- Personnel and other costs claimed are duplicative of costs recovered using the five-percent administrative allowance.
- SCC's programs that are included in this allocation are not homogenous, and received different levels of supervision and administration. For instance, while this program was allocated over \$38,000 of claimed personnel and fringe costs, this 28-week program did not have any on-site staff supervision. Program operating costs (excluding living allowance and member support costs) claimed by SCC are significantly higher than costs claimed by other subgrantees that did not use an allocation system.

SCC considered the allocation to be allowable because its independent auditors considered it a reasonable way for SCC to document its expenses. SCC further indicated that it was difficult to allocate expenses because member teams were comprised of both AmeriCorps and non-AmeriCorps members. We questioned unsupported allocated costs of \$46,836 (see Compliance Finding 7).

SCC did not provide any supporting documentation for the \$8,740 of unsupported living allowance and member support costs (see Compliance Finding 1).

2. SCC claimed \$1,896 of living allowance and related benefits for an Education Award Only member. The member was enrolled in SCC's PY 2006-2007 Education Award Only Program but performed a portion of his service in the Gulf Coast with SCC's PY 2005-2006 GCRC Program. The two programs operated concurrently. SCC was unaware that this member was ineligible to receive a living allowance. We questioned the \$1,896 of living allowance and related benefits (see Compliance Finding 8).
3. SCC claimed \$1,101 of living allowance and \$317 of airfare for an individual who was not enrolled in the AmeriCorps Program. AmeriCorps Special Provisions (2005-2006), Section IV.I.1. *Living Allowance Distribution*, states that the living allowance is designed to help members meet necessary living expenses incurred while participating in the AmeriCorps Program. SCC officials stated that the individual participated in the GCRC Program but was not enrolled in WBRS because the member quit after the first part on the program. We questioned the \$1,101 of living allowance and \$317 of airfare for this individual (see Compliance Finding 8).
4. The questioned costs in Notes 1 through 3 resulted in \$3,098 (\$58,890 x 5.26%) of unallowable administrative costs.

**SCHEDULE D**

**THE CORPS NETWORK  
SCHEDULE OF CLAIMED AND QUESTIONED COSTS<sup>5</sup>  
EARTH CONSERVATION CORPS**

	<b>PY 2006-2007 Section II</b>	<b>PY 2006-2007 Sections I&amp;III</b>	<b>Notes</b>
Total Incurred Costs	\$131,976	\$300,585	
Questioned Costs:			
Unallowable living allowance payments	20,992		1
Missing documentation of high school education/agreement to obtain a GED	8,880		2
Unallowable member health care costs	<u>70</u>	(70)	3
Unallowable match costs		<u>2,595</u>	Exhibit B, 1
Total Allowable Costs	<u>\$102,034</u>	<u>\$298,060</u>	
Federal Share of Costs (85% x \$102,034 and 67% x \$298,060)	\$86,729	\$199,700	
Subaward Ceiling (Sections I & II)	<u>130,348</u>	<u>36,578</u>	
Allowable Federal Costs (Sections I & II)	\$86,729	\$36,578	
Allowable Administrative Costs (Section III)		<u>6,486</u>	4
Total Allowable Federal Costs	\$86,729	\$43,064	
Amount Reimbursed to ECC	<u>86,164</u>	<u>43,034</u>	
Amount Due to ECC	<u>\$565</u>	<u>\$30</u>	
Questioned Education Awards			
Timekeeping discrepancies	<u>\$23,630</u>		5

1. Living allowance payments were not distributed in accordance with the applicable provisions, as follows:
  - ECC provided lump-sum living allowance payments totaling \$8,396 to 4 members at the conclusion of their service. The lump sum living allowance payments included the return of fines previously deducted from the members' living allowance.
  - ECC provided a total of \$1,400 of "bonus" living allowance payments as incentives to six members.

<sup>5</sup> At the request of the OIG, we expanded testing at ECC to include costs through February 2008, which were reimbursed by The Corps Network, as well as all other program costs incurred by ECC for the remainder of PY 2006-2007 that The Corps Network had not yet paid.

- ECC provided \$5,205 of living allowance payments to 9 members before the members were enrolled in WBRS and started their service.
- ECC provided \$1,646 of living allowance payments to 2 members after the members exited the AmeriCorps Program.
- ECC provided \$4,345 of living allowance payments to 5 individuals who were not enrolled in the AmeriCorps Program.

AmeriCorps Special Provisions (2005-2006), Section IV.I.1. *Living Allowance Distribution*, states that programs should pay living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only for increased living expenses, such as food, housing, or transportation, and that the program is not permitted to provide a “lump sum” payment of the remaining living allowance upon a member’s early completion of a term of service, nor provide “make-up” missed payments.

We questioned the \$20,992 of unallowable living allowance and related benefits (see *Compliance Finding 8*).

2. ECC did not have documentation to support that four members obtained a high school diploma/ General Equivalency Degree (GED), or agreed to obtain one.

AmeriCorps Special Provisions (2006-2007) Section IV.L.2, *Verification*, states that to verify that a member meets the requirement relating to high-school education, the grantee must obtain from the member, and maintain in the member’s file, a written declaration under penalty of law that the member meets provision requirement relating to high-school education.

Subsequent to the identification of this issue, ECC provided certifications from two of the four members agreeing to obtain a GED. We questioned \$8,880 of living allowance and related benefits for the remaining two members who were missing GED certifications (see *Compliance Finding 8*).

3. ECC erroneously claimed \$70 of staff health care costs as member support costs. We questioned \$70 of member support costs and allowed \$70 of personnel benefit costs.
4. The allowable administrative costs were calculated as follows:

<b>Allowable Federal Costs (Section II)</b>	<b>\$86,729</b>
Allowable Federal Costs (Section I)	<u>36,578</u>
Total	\$123,307
Administrative Cost Percentage	<u>x 5.26%</u>
Allowable Administrative Costs (Section III)	<u>\$6,486</u>

5. ECC’s member timekeeping documentation was insufficient to support member service hours as follows:
  - Members did not prepare their own timesheets and signed blank timesheets.

- Member timesheets were missing member and supervisor signatures. We deducted the service hours reported on the member timesheets for two members whose timesheets were missing member signatures.

<b>Member</b>	<b>Timesheet Hours</b>	<b>Hours on Timesheets Without Member Signatures</b>	<b>Hours After Deduction</b>
1	949.0	324.0	625.0
2	914.0	62.0	852.0

- Timesheets did not support hours recorded in WBRIS for all 12 members included in the timesheet testing sample.

<b>Member</b>	<b>WBRIS Hours</b>	<b>Timesheet Hours</b>
1	952.0	968.0
2	912.0	939.0
3	912.0	886.0
4	963.0	949.0
5	969.0	886.0
6	928.0	901.0
7	884.0	950.0
8	781.0	927.0
9	919.0	909.0
10	794.0	914.0
11	992.0	998.0
12	734.0	731.0

- Throughout the program year, ECC used timecards, sign-in sheets, and timesheets to track member service hours. We tested the timecards, sign-in sheets, and timesheets for April 2007 and identified discrepancies between the documents. We were unable to determine the hours on the timecards since the timecards were missing departure times.

<b>Member</b>	<b>Timecard Hours</b>	<b>Sign-In Sheet Hours</b>	<b>Timesheet Hours</b>
1	Unable to Determine	139.0	122.0
2	Unable to Determine	127.0	167.0
3	Unable to Determine	194.0	252.0
4	Unable to Determine	163.0	210.0
5	Unable to Determine	184.0	253.0

- ECC was unable to adequately provide an explanation for apparent discrepancies of service hours performed by the members. While testing member timesheets, we identified 6 members with 12-hour “special event” service days between March 2007 and July 2007 and 11 members with 16-hour service days.

ECC representatives explained that the 12-hour service days were for the Trees for Georgetown and the Oak Hill projects. However, we reviewed the award documentation for these projects and noted that the performance periods for the projects were after the periods for which we identified the 12-hour service days.

ECC representatives explained that the 16-hour days were for training events including a trip to Ocean City, MD, for a drug and alcohol awareness conference and a trip to Baltimore. ECC was unable to provide documentation to support the members' attendance at the Ocean City conference. ECC representatives provided an explanation for the Baltimore trip; however, the hours described in ECC's explanation did not agree with the hours recorded on the member timesheets.

- The signature on one member's timesheets did not match the signature on the member's contract, enrollment form, and other member timesheets.
- Lunchtime hours were not recorded on the member timesheets.
- Some member timesheets were signed by the member and supervisor in advance and were missing member and supervisor signature dates.
- Some member timesheets were completed in pencil, had whiteout, and had corrections that were not initialed.

AmeriCorps Special Provisions (2005-2006), Section IV.C.2., *AmeriCorps Member*, requires that grantees keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated by both the member and supervisor.

Based on the reasons listed above, we are questioning education awards of \$23,630 for the 10 members that earned education awards. Two members that have not exited the program would also be ineligible to receive education awards based on the reasons listed above (see Compliance Finding 4).

## THE CORPS NETWORK COMPLIANCE RESULTS

The results of our agreed upon procedures identified the following compliance findings:

### **Finding 1. Subgrantees claimed unallowable and unsupported costs.**

The notes to Schedules A through D describe questioned costs of \$61,612, which are summarized on Exhibit A. A questioned cost is an alleged violation of provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds or a finding that, at the time of testing, such cost is not supported by adequate documentation.

In addition, The Corps Network and its subgrantees claimed unallowable and unsupported match costs as follows:

#### **Earth Conservation Corps**

Sampled ECC match costs also included the following unallowable costs:

- ECC claimed \$508 (\$52 and \$456) of unsupported costs for member uniforms. ECC did not have any supporting documentation for the \$52 of unsupported costs and had insufficient documentation (shipping receipt) for the \$456.
- ECC claimed \$463 for the equipment rented by a non-employee during a tree-planting project. The only documentation provided by ECC to support the expense was a copy of the non-employee's credit card statement. ECC did not provide any other documentation from the non-employee to support that the equipment was used during the tree-planting project.
- ECC claimed \$1,261 for a trip to Ocean City, Maryland for 9 members and staff to attend a drug and alcohol awareness conference. ECC did not provide any documentation to support the members' attendance at the conference.

OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, Attachment A. Paragraph A.2., *Factors affecting allowability of costs*, states an award cost must be adequately documented to be allowable.

- ECC claimed \$356 of member bowling expenses. The members were taken on bowling trips as an incentive for good performance. OMB Circular A-122, Attachment B. *Selected Items of Cost*, Paragraph 14. *Entertainment Costs*, states that costs of entertainment, including amusement, diversion, and social

activities and any costs directly associated with such costs (tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

Match-cost exceptions identified above resulted in overstated match costs claimed. ECC had, however, substantial overages in match requirements on this grant, and these offset the match exceptions identified. As a result, we did not question overstated match costs.

### **Vermont Youth Conservation Corps and Southwest Conservation Corps**

We tested GGRC match costs at VYCC and SCC. We identified the following unallowable and unsupported costs:

- As discussed in Compliance Finding 7, VYCC did not have adequate timekeeping procedures to support claimed labor costs. VYCC believed that timesheets were not required and allocated labor using estimates of labor costs. VYCC reported its match on its reimbursement requests; however, the match was not reported by The Corps Network on its Financial Status Reports (FSRs). We did not question these costs since they were not claimed by The Corps Network.
- SCC did not provide adequate supporting documentation for \$179,378 of match costs. SCC provided copies of supporting invoices for \$146,639 of fee-for-service revenue; but did not provide supporting documentation, such as timesheets, invoices, and receipts for the expenses. In addition, SCC provided allocations to support \$64,858 of personnel costs and \$24,963 of other program operating costs; however, the allocations were based on the total amount of GCRC and non-GCRC costs for calendar year 2007 instead of only those costs incurred during the February 2007 to August 2007 award period for the GCRC Program. SCC considered the allocation to be allowable because its independent auditors considered it a reasonable way for SCC to document its expenses. SCC further indicated that it was difficult to allocate expenses because member teams were comprised of both AmeriCorps and non-AmeriCorps members. SCC reported its match on its reimbursement requests; however, the match was not reported by The Corps Network on its FSRs. We did not question these costs since they were not claimed by The Corps Network.

### **The Corps Network**

As discussed above, The Corps Network did not report match from its GCRC sites in its FSRs. Without this match, The Corps Network will not meet its 50 percent match requirement for the GCRC Program. Officials stated that they would make changes to the previous FSRs once this OIG report identified the final financial results of the program.

## **Recommendations:**

We recommend that the Corporation:

- 1a. Recover the disallowed costs;
- 1b. Recover the administrative costs related to the disallowed costs; and
- 1c. Instruct The Corps Network to review applicable regulations and develop policies and procedures to ensure claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.

## **The Corps Network's Response:**

- The disallowed costs and related administrative costs identified with the Gulf Recovery Corps project should not be recovered since this project was originally based on a fixed-price agreement for its subgrantees.
- The Corps Network noted that it welcomes all training and guidance offered by the Corporation to help us effectively manage our grants. It has begun strengthening oversight of grant funds. The Corps Network hired a Grants and Project Director to oversee all grants management activities across the organization and to develop standardized processes for all Corporation awards. In addition, The Corps Network instituted a Corrective Action Policy with its subgrantees to address any programmatic or financial compliance issues. Further, The Corps Network strengthened its subgrantee monitoring processes for conducting desk reviews and site visits. Finally, The Corps Network is developing an organization-wide grants management manual.

**Corporation's Response:** As the auditors noted, one of the three grants reviewed was awarded based on the approved application submitted by The Corp Network stating it would provide fixed-price subgrants; however it was not implemented according to the approved application. The Corporation agrees the program was not implemented as approved. The Corporation agrees that The Corps Network needs to provide a calculation that identifies the amount that would have been reimbursed to each subgrantee following the terms of the approved grant application. Based on that information, the Corporation will determine final resolution.

**Accountants' Comment:** The Corps Network's response did not provide criteria or authorization that would allow the Corporation to pay for the costs it has claimed. As the Corporation stated, The Corps Network must provide an accounting under the terms of the approved grant application before it can determine final resolution.

## **Finding 2. Some member contracts were not signed before applicants started service.**

As detailed below, service hours were recorded for periods before member contracts were signed.

Program	Contracts	
	Signed After Service Start	Contracts Tested
VYCC	6	17
ECC	1	26
CCC	<u>2</u>	<u>50</u>
Totals	<u>9</u>	<u>93</u>

In addition, we noted:

- One ECC member did not date his/her member contract.
- Six ECC members signed and dated their member contracts in pencil.

AmeriCorps Special Provisions (2005-2006), Section IV.C.1.b. *Member Enrollment Procedures*, stipulates that AmeriCorps Programs are required to sign a member contract with an individual, or otherwise enter a legally enforceable commitment as defined by state law, before enrolling a member.

**Recommendation:**

We recommend that:

2. The Corporation require The Corps Network to strengthen its training and monitoring of member contracts to ensure that member contracts are signed prior to the start of service.

**The Corps Network's Response:** The Corps Network concurs with this recommendation. It communicates the importance of signing each member contract in advance of the member's term of service in its policies and procedures manual and reinforces it throughout the year through newsletters, conference calls, and other correspondence. Going forward, all Program staff will review a random sample of member contracts during desk audits and site visits.

**Accountants' Comment:** The Corps Network's planned actions are responsive to the recommendation.

**Finding 3. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.**

MCC, VYCC, SCC, ECC, and CCC did not provide documentation showing that some members received mid-term and final evaluations, as follows:

Program	Tested	Mid Term Evaluations Missing <sup>6</sup>	Final Evaluations Missing
MCC	19		3
VYCC	17	1	10
SCC	9		5
ECC	26		2
CCC	<u>50</u>	<u>49</u>	<u>49</u>
Total	<u>121</u>	<u>50</u>	<u>69</u>

In addition, none of the final evaluations tested at MCC, VYCC, SCC, ECC, and CCC indicated whether the member had completed the required number of service hours to be eligible for an education award.

AmeriCorps Special Provisions (2005-2006), Section IV.D.6. *Performance Reviews*, states that grantees must conduct and keep a record of at least a mid- and end-of-term written evaluation of each member's performance for full- and half-time members and an end-of-term written evaluation for less than half-time members to document that the member has:

- Completed the required number of hours;
- Satisfactorily completed assignments; and
- Met other performance criteria communicated at the beginning of the service term.

We identified other issues with mid- and final-term evaluations, as follows:

Program	Mid-Term Evaluations		Final Evaluations			
	Unsigned	Signed After Member Exit	Unsigned	Signed Before Member Exit	Signed After Member Exit	Not Dated
MCC	1		3	<u>7</u>		
VYCC	8		7			2
SCC			3			<u>3</u>
ECC	<u>18</u>	<u>1</u>	<u>24</u>		<u>4</u>	
Total	<u>27</u>	<u>1</u>	<u>37</u>	<u>7</u>	<u>4</u>	<u>5</u>

Evaluations are necessary to ensure that members are eligible for additional service terms, and that grant objectives have been met. Without evaluations, members are not eligible to serve an additional term of service.

<sup>6</sup> The requirement for a mid-term evaluation applies only to full- and part-time members.

## **Recommendations:**

We recommend that the Corporation:

- 3a. Train The Corps Network on the requirements for member evaluations and ensure it strengthens its training and monitoring procedures for conducting and documenting member evaluations; and
- 3b. Verify the implementation of The Corps Network's training and monitoring procedures for member evaluations.

**The Corps Network's Response:** The Corps Network did not agree with this finding.

- The June 2008, Volume 3, Number 3, issue of AmeriCorps State and National Policy Update states that in the past the Provisions were silent as to whether EAPs were required to comply with the regulatory requirement to perform member evaluations and starting in 2008-2009, EAPs will have to comply with the regulation.

In June 2008, The Corps Network communicated the new regulation to each of its subgrantees and included information in the procedures manual for each Corporation-funded program. The Corps Network also provided sample evaluation forms for subgrantees to use to ensure compliance with this regulation.

- The Corps Network can provide documentation of training offered to Program staff and sites as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each Corporation-funded program's procedures manual for subgrantees, and the subgrantee monitoring tool used to review documentation of member evaluations during desk audits and site reviews.

**Accountants' Comment:** While the Provisions were silent regarding performance evaluations for EAP members, the requirements to perform the member evaluations were not new and were previously included in the Code of Federal Regulations (CFR). However, the Corporation temporarily waived the requirement to evaluate EAP members. This waiver is no longer in effect, and The Corps Network should implement the recommendation. It should be noted that this waiver only applied to EAP grants, and CCC was the only EAP subgrantee tested.

The Corporation needs to determine the sufficiency of documentation and planned actions with regard to training and monitoring procedures for member evaluations.

## **Finding 4. Subgrantees had weaknesses in member timekeeping procedures.**

Timesheet hours were not always accurately recorded in WBRS. We tested timesheets for 88 members at MCC, VYCC, CCC, ECC, and SCC that earned an education award or were about to earn an award.

Service hours recorded in WBRS were not supported by member timesheets as follows:

<b>Program</b>	<b>Tested</b>	<b>Members with Differences</b>	<b>Education Awards Questioned</b>	<b>Questioned Education Awards</b>
MCC	17	3	3	\$4,809
VYCC	13	6	4	<u>10,510</u>
ECC	12	12		
SCC	9	<u>6</u>		
CCC	<u>37</u>			
<b>Totals</b>	<b><u>88</u></b>	<b><u>27</u></b>	<b><u>7</u></b>	<b><u>\$15,319</u></b>

During testing, we noted weaknesses in timekeeping procedures. A summary of timesheet discrepancies by program follows:

<b>Weakness</b>	<b>MCC</b>	<b>VYCC</b>	<b>ECC</b>	<b>SCC</b>	<b>CCC</b>	<b>Totals</b>
Signed before hours served	13	4	6			23
Not original	4	1				5
Prepared in pencil or whiteout	10	7	2			19
Changes not initialed	4	10	3	9		26
Missing member or supervisor signatures	8	3			2	13
Signed but not dated		5	12		1	18
Member timesheets with different member signatures	1		1			2
Missing member and supervisor signatures			3	2		5
Timesheets for same period with different hours		3				3

As discussed in Schedule D, Note 4, we questioned \$23,360 of education awards that were not supported by member service hours because of weaknesses in ECC's member timekeeping procedures.

The Corps Network's subgrantees did not have adequate policies and procedures to ensure that members and/or supervisors initialed all timesheets and corrections, refrained from using pencil and whiteout, obtained and maintained original timesheets, signed timesheets only after completing service hours, and checked accuracy of recorded hours.

AmeriCorps requirements address policy but do not address specific timesheet procedures, which is the responsibility of the grantee or subgrantee. It is, however, good business practice to maintain original documents, initial changes, make corrections without pencil or whiteout, sign and date documents, and check the accuracy of hours recorded on timesheets.

Without procedures to verify member activities or timesheet accuracy, the potential exists for members to perform prohibited activities or receive education awards to which they are not entitled. By initialing changes, accountability is maintained and timesheets are consistent with member and management intentions.

## **Recommendations:**

We recommend that the Corporation:

- 4a. Provide guidance to The Corps Network on proper member timekeeping procedures;
- 4b. Require The Corps Network to strengthen its training and monitoring to ensure that subgrantees maintain proper member timesheets;
- 4c. Verify implementation of The Corps Network's timesheet training and monitoring; and
- 4d. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

## **The Corps Network's Response:**

- The Corps Network welcomes guidance from the Corporation on proper member timekeeping procedures, particularly for subgrantees operating in remote locations.
- The Corps Network will continue to update its procedures manual for each program and will develop policies addressing the subgrantees timekeeping requirements in procedures used during desk audits and site visits. The Corps Network can also provide training to all of its Program staff and subgrantees regarding timekeeping procedures.
- The Corps Network can provide documentation of training offered to Program staff and sites, as well as specific policies to be included into The Corps Network grant management manual. In addition, The Corps Network can provide documentation of policies included in each Corporation-funded program procedures manual for subgrantees and the subgrantee monitoring tool used to review timekeeping procedures during desk audits and site reviews.

## *The Corps Network's Responses Related to MCC*

- The discrepancies for the three MCC members were the result of post-submission timesheet adjustments. When updated timesheets were resubmitted for payroll, WBRS was not modified to reflect the adjusted lower number of hours for that pay period. This issue will be resolved when MCC discontinues the use of WBRS and uses payroll data collected at the end of a member's term to certify they have completed the correct number of hours.
- The full education award for the member with a 10-hour difference should not be questioned and the member should be awarded a partial education award. Further, MCC reviewed the timesheets for this member and calculated service hours in excess of the hours required to receive an education award.

*The Corps Network's Responses Related to VYCC*

- The full education awards for two members should not be questioned and these members should be awarded partial education awards. The discrepancies between the WBRS data and physical timesheets for these members resulted from a missed data-error correction that was submitted subsequent to the timesheet.
- VYCC implemented training for its headquarters staff to ensure accuracy on timesheets submitted. It also implemented an internal self audit of AmeriCorps member timesheets, requiring that all timesheets are double-checked for accuracy prior to exiting an AmeriCorps member from the program.

**Accountants' Comment:** The Corps Network noted that it welcomes guidance from the Corporation and noted that it will develop procedures in the future and could provide training to its staff. The Corporation needs to determine the sufficiency of actions taken.

**Finding 5. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's WBRS in accordance with AmeriCorps requirements.**

We tested enrollment, change of status, and exit forms for 121 of 995 members at MCC, VYCC, ECC, SCC, and CCC. The subgrantees did not enter member enrollment, change of status, and exit forms into WBRS within the required 30-day timeframe, as follows:

<b>Program</b>	<b>Tested</b>	<b>Enrollment</b>	<b>Change of Status</b>	<b>Exit</b>
MCC	19	5		1
VYCC	17			3
ECC	26	10	2	15
SCC	9	3		3
CCC	<u>50</u>	<u>19</u>	<u>3</u>	<u>19</u>
Totals	<u>121</u>	<u>37</u>	<u>5</u>	<u>41</u>

We also identified enrollment and exit forms that were missing, undated, unsigned by members, signed after the members started service, signed before the members completed service, or changed but not initialed, as follows:

<b>Weakness</b>	<b>MCC</b>	<b>VYCC</b>	<b>ECC</b>	<b>CCC</b>	<b>Total</b>
Missing (Exit)		2			2
Not dated (Exit)		2			2
Signed after service start (Enrollment)		2			2
Signed before service end (Exit)		1			1
Not signed (Enrollment and Exit)			10	3	13
Did not include certification of member eligibility for Education award (Exit)	1				1
Hours on exit form did not match hours in WBRS			12		12

AmeriCorps Special Provisions (2005-2006), Section IV.E.2. *Notice to the Corporation's National Service Trust*, requires that grantees notify the Corporation within 30 days of a member's enrollment, change of status, and/or completion of service. AmeriCorps General Provisions (2005-2006) Section V.E. *Retention of Records*, requires grantees to retain all program records for 3 years from the date of submission of the final FSR. Without timely completion and submission of enrollment and exit forms, the Corporation cannot maintain accurate member records.

AmeriCorps requirements do not specifically address procedures for preparing forms. It is, however, good business practice to maintain original forms, initial changes, and date forms.

**Recommendations:**

We recommend that the Corporation:

- 5a. Train The Corps Network on proper completion of member enrollment, change of status, and exit forms and ensure The Corps Network strengthens training and monitoring of member forms at its sites; and
- 5b. Verify that member forms at The Corps Network sites are properly completed and submitted in accordance with grant requirements.

**The Corps Network's Response:**

- The Corps Network agrees with these recommendations, and welcomes any training offered by the Corporation on proper completion of member enrollment, change of status, and exit forms.
- The Corps Network can provide a sample report used to verify completion of member enrollment/exit forms for each site and documentation of policies included in each Corporation-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review member enrollment and exit forms during desk audits and site visits.

**Accountants' Comment:** The Corps Network appears responsive to the recommendations; however, the Corporation needs to obtain and review documentation to determine whether these actions are sufficient.

**Finding 6. Subgrantees did not conduct orientation training or document member attendance at orientation for all members.**

The subgrantees did not conduct or could not provide documentation to demonstrate that members received orientation for the AmeriCorps Program and its requirements before starting service, as follows:

- VYCC could not provide documentation to show that the sampled members (10 members in PY 2005-2006 and 7 members in PY 2006-2007) received orientation training.
- CCC could not provide documentation to show that the sampled members (25 members in PY 2006-2007 and 25 members in PY 2007-2008) received orientation training.
- ECC could not provide documentation to show that all 26 PY 2006-2007 members received orientation training. ECC provided sign-in sheets used by ECC to track daily member attendance and agendas to support member attendance at orientation training. However, we could not rely on the documents because the sign-in sheets were not always completed by the members, did not agree with other timekeeping documents or the dates on the agendas, and did not indicate whether the members were performing service or attending orientation.
- SCC could not provide documentation to show that the nine sampled members from PY 2005-2006 received orientation training. SCC indicated that it conducted an AmeriCorps orientation but was unaware of the need to document members' attendance at the orientation.

AmeriCorps Special Provisions (2005-2006), Section IV.D.3. *Training, Supervision, and Support*, states that grantees must conduct an orientation for members and comply with any pre-service orientation or training required by the Corporation. In addition, grantees are required to provide members with training, skills, knowledge, and supervision necessary to perform tasks required in their assigned project positions, including specific training in a particular field and background information on the community served.

**Recommendations:**

We recommend that the Corporation:

- 6a. Provide guidance to The Corps Network on procedures to ensure that its programs and subgrantees conduct, maintain, and retain documentation to support member attendance at orientation;
- 6b. Require The Corps Network to strengthen its training and monitoring procedures of orientation requirements for programs and subgrantees; and
- 6c. Verify implementation of the orientation procedures.

**The Corps Network’s Response:**

- Each Corporation-funded program manual has an outline of expectations during orientation and a requirement that orientation be identified on each member’s timesheet or on a sign-in sheet from the orientation. As a second source of documentation, The Corps Network also provides each subgrantee a sample Member File Checklist that includes a line for the date the member attended orientation. Further, subgrantees will be required to provide an orientation agenda during scheduled site visits.
- The Corps Network will continue to update its procedures manuals for each program and develop policies addressing the requirements for subgrantees in timekeeping procedures followed during desk audits and site visits.
- The Corps Network can provide documentation of training offered to Program staff and sites. The Corps Network can also provide documentation of policies included in each Corporation-funded program procedures manual for subgrantees and the subgrantee monitoring tool used during desk audits and site visits.

**Accountants’ Comment:** The grantee’s actions appear responsive to the recommendations; however, the Corporation needs to obtain documentation to determine the sufficiency of actions taken.

**Finding 7. The Corps Network and its subgrantees’ financial management systems did not adequately account for and report grant costs in accordance with Federal requirements.**

The Corps Network did not use its accounting system to prepare its FSRs. It prepared its FSRs using general ledger reports for costs incurred and a spreadsheet summarizing reimbursement request forms for costs incurred by subgrantees. This method resulted in transposition and data entry errors, including reporting costs not claimed by subgrantees and omitting costs claimed by subgrantees. During the course of testing, The Corps Network revised its FSRs for errors identified during the reconciliation process.

As a result of not using its accounting system to prepare its FSRs, The Corps Network’s general ledger did not agree with the amounts reported on its September 30, 2007 FSRs, as follows:

	<b>Award No. 04NDHDC001</b>	<b>Award No. 06NDHDC005</b>
<b><u>Federal Share</u></b>		
09/30/07 FSR	\$3,222,361	\$311,146
General Ledger	3,224,657	\$314,368
<b><u>Recipient Share</u></b>		
09/30/07 FSR	\$1,760,842	
General Ledger	\$1,765,758	

The Corps Network did not have controls to ensure the accuracy of its FSRs. Officials stated that they would make changes to the previous FSRs once this OIG report identified the final financial results of the program.

According to 45 CFR § 2543.21, *Standards for financial management systems*, subsection (b), recipient financial management systems must provide for accurate, current, and complete disclosure of financial results of each Federally-sponsored program.

### **Subgrantees**

- MCC did not use its financial management system to track costs by funding source. The accountant tracked expenditures by project and crew using an excel spreadsheet. On a monthly basis, the accountant sent the receipts, to The Corps Network along with a request for reimbursement. The Federal and match costs reported on the request for reimbursements were calculated using the percentages proposed in the budget.
- VYCC did not use its financial accounting system to track Federal or match costs for the RR and GCRC Programs or by funding source. Specifically:
  - VYCC did not have adequate timekeeping procedures to support claimed labor. VYCC believed that timesheets were not required and allocated labor using estimates of costs.
  - VYCC allocated fringe benefit costs by identifying costs related to certain employees on specific invoices.

In both cases above, the allocation of labor and fringe costs in the accounting system did not agree with its estimates or the amounts supported by receipts. We did not question the costs for the RR Program because we performed alternative procedures that showed the subgrantee's actual costs exceeded the amount claimed for the Program. We did not question the costs for the GCRC Program because the costs were not claimed.

- MCC claimed unsupported employee benefit costs on the monthly request for reimbursements. The subgrantee reported more than the actual cost incurred on its monthly progress report submitted to The Corps Network. The accountant calculated the cost incorrectly and double-billed. We expanded our testing and reviewed 100 percent of the employee benefit costs. We noted that the total benefits incurred exceeded the amount claimed.
- As discussed in Schedule B, Note 1, VYCC used participant support costs to cover administrative costs without written approval.
- As discussed in Schedule C, Note 1, SCC used an unsupported allocation method to claim \$46,836 of Federal personnel, fringe, and other program costs. SCC representatives considered the allocation to be allowable because its independent auditors considered it a reasonable way for SCC to document its expenses. SCC further indicated that it was difficult to allocate

expenses because member teams were comprised of both AmeriCorps and non-AmeriCorps members.

According to 45 CFR § 2543.21, *Standards for financial management systems*, subsection (b), recipient financial management systems must provide for accurate, current, and complete disclosure of financial results of each Federally-sponsored program.

Further, OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B., Paragraph 8.m., *Support of salaries and wages*, states that the distribution of salaries and wages to awards must be supported by personnel activity reports that reflect an after-the-fact determination of actual activity of each employee.

We also noted the following with respect to FSR submissions and program income:

- The Corps Network submitted one FSR late in PY 2005-2006.
- VYCC, MCC, ECC, and SCC did not report program income generated by the AmeriCorps members to The Corps Network although each had received program income. As a result, The Corps Network did not report program income to the Corporation. We did not question any costs since program expenses exceeded any required match.

45 CFR § 2543.24, *Program income*, requires that program income shall be used in one or more of the following ways:

- (1) Added to the funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objects.
- (2) Used to finance the non-Federal share of the project or program.
- (3) Deducted from total project program allowable costs in determining the net allowable costs on which the Federal share of costs is based.

### **Recommendations:**

We recommend that the Corporation:

- 7a. Ensure that The Corps Network maintains complete, accurate, and timely accounting records;
- 7b. Require that The Corps Network train subgrantees to maintain complete, accurate, and timely accounting records; and
- 7c. Ensure that The Corps Network and its subgrantees report program income on the FSRs.

### **The Corps Network's Response:**

- The Corps Network's Program staff review reimbursements from sites each month. Once the reimbursements are processed, each Program Director works with the Director of Finance and Administration to ensure consistency

between program financial tracking and accounting records. Semiannually, Program staff prepares the grantee FSR for the Corporation, which includes data from FSRs submitted by each subgrantee. The Program staff then works with the Director of Finance and Administration to ensure the FSR is consistent with all accounting records before submitting the FSR to the Corporation.

- With regard to training, we can supplement the regularly scheduled conference calls and include guidance in the procedures manual for each program. The Corps Network also can offer training to its subgrantees on strategies to ensure complete, accurate, and timely records.
- The Corporation will now require The Corps Network to use the Federal Financial Report (FFR) rather than the FSR, which will require the reporting of program income. The Corps Network will update its financial reporting forms so that each subgrantee is able to report the same information required by the FFR. Additionally, The Corps Network can offer training on how to calculate program income for its Program staff and subgrantees.

**Accountants' Comment:** The grantee's actions are not fully responsive to the recommendations. The procedures described for preparing FSRs are the same procedures that resulted in the difference between the FSR and general ledger discussed above.

**Finding 8. The Corps Network did not ensure that subgrantees complied with AmeriCorps requirements for member eligibility and living allowance payments.**

The Corps Network did not ensure subgrantee compliance with documentation necessary to support member eligibility with regard to citizenship, high school education, and parental consent. Subgrantees also were not in compliance with provisions regarding the distribution of members' living allowances.

**Citizenship**

- CCC did not provide documentation of citizenship or legal resident status for one sampled member in PY 2006-2007 and three sampled members in PY 2007-2008. None of the four members earned education awards.
- ECC did not have documentation of citizenship or legal resident status for one sampled member. Subsequent to the identification of this issue, ECC provided a copy of the birth certificate for this member. As a result, we did not question the education award and member support costs.
- Documentation in the member files indicated that SCC verified the eligibility of eight of nine sampled members after the members started service.

<b>Member</b>	<b>Start Date on Timesheet</b>	<b>Date SCC Official Signed Eligibility Verification Form</b>
1	06/11/07	06/12/07
2	02/16/07	03/06/07
3	06/11/07	06/12/07
4	02/16/07	03/06/07
5	06/11/07	06/12/07
6	02/16/07	03/06/07
7	01/20/07	03/06/07
8	06/25/07	07/16/07

According to 45 CFR§ 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States. AmeriCorps Special Provisions (2005-2006), Section IV. C.1. *Member Enrollment Procedures*, states that an individual is enrolled as an AmeriCorps member when the program has verified member eligibility to serve.

### **High School Education**

- CCC did not obtain documentation to support that one member in PY 2007-2008 obtained a high school diploma/GED or agreed to obtain one. The member did not receive an education award and exited the program early.
- ECC did not have documentation to support that four members obtained a high school diploma/GED or agreed to obtain one. Subsequent to the identification of this issue, ECC provided certifications from two of the four members agreeing to obtain a GED. As discussed in Schedule D Note 2, we questioned the member support costs for the two remaining members.

AmeriCorps Special Provisions (2006-2007) Section IV.L.2, *Verification*, states that to verify that a member meets the requirement relating to high-school education, the grantee must obtain from the member, and maintain in the member's file, a written declaration under penalty of law that the member meets provision requirement relating to high-school education.

### **Parental Consent**

ECC did not have documentation to support parental consent for one member who was under the age of 18 at the start of service. Subsequent to the identification of this issue, ECC provided a certification stating that the member was in the custody of the District of Columbia Youth Rehabilitation Services (DCYRS) and that DCYRS consented to the member's participation in the AmeriCorps Program. As a result, we did not question the member support costs for this member.

AmeriCorps Special Provisions (2006-2007), Section IV.C.6. *Parental Consent*, states that that before enrolling in a program, individuals under 18 years of age must provide written consent from a parent or guardian.

## **Living Allowance Distribution**

Living allowance payments were not distributed in accordance with the applicable provisions, as follows:

- MCC and SCC based the living allowance payments on hours served. MCC members were not paid for sick leave or days absent.
- VYCC underpaid three members and overpaid one member. In addition, the one member that was overpaid was not paid in equal installments.
- SCC provided a living allowance to an Education Award Only member. The member was enrolled in SCC's PY 2006-2007 Education Award Only Program but performed a portion of his service in the Gulf Coast with SCC's PY 2005-2006 GCRC Program. Due to delays, the two programs operated concurrently.
- SCC provided living allowance payments to an individual who was not enrolled in the AmeriCorps Program.
- ECC provided a lump-sum living allowance payments to four members at the conclusion of their service. The lump sum included the return of fines previously deducted from the members' living allowance.
- ECC provided bonus living allowance payments as incentives to six members.
- ECC provided living allowance payments to nine members before the members were enrolled in WBRS and started their service.
- ECC provided living allowance payments to members after the members exited from the AmeriCorps Program.
- ECC provided living allowance payments to five individuals who were not enrolled in the AmeriCorps Program.

AmeriCorps Special Provisions (2005-2006), Section IV. I.1. *Living Allowance Distribution*, states that programs should pay living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only for increased living expenses, such as food, housing, or transportation, and that the program is not permitted to provide a "lump sum" payment of the remaining living allowance upon a member's early completion of a term of service, nor provide "make-up" missed payments.

### **Recommendations:**

We recommend that the Corporation:

- 8a. Require The Corps Network to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with eligibility and living allowance AmeriCorps requirements; and

8b. Verify implementation of the training and monitoring.

**The Corps Network's Response:**

- The Corps Network agrees with this recommendation and welcomes any guidance offered by the Corporation. The Corps Network will continue to update its procedures manuals for each program and develop policies addressing these requirements for all program staff to follow during site visits.
- The Corps Network can provide documentation of training offered to program staff and sites, as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each Corporation-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used during desk audits and site reviews.

**Accountants' Comment:** The Corps Network's actions appear responsive to the recommendations. The Corporation needs to obtain and review documentation to assure that actions taken are sufficient.

**Finding 9. The Corps Network did not operate its GCRC Program in accordance with the approved grant application.**

The Corps Network's grant application narrative for the GCRC Program stated that it would provide firm-fixed-rate subgrants to its subgrantees. The Corps Network stated that fixed price subgrants were necessary for an emergency hurricane relief grant because counting individual receipts for crews would not be feasible and would delay the deployment of the members. However, The Corps Network reimbursed subgrantees for actual expenses instead of the amount of the firm-fixed rate and did not obtain Corporation approval for this change.

The 2005-2006 AmeriCorps Provisions state:

**These AmeriCorps Grant Provisions are binding on the Grantee.** By accepting funds under this grant, the grantee agrees to comply with the AmeriCorps Provisions, all applicable federal statutes, regulations and guidelines, and any amendments thereto. The grantee agrees to operate the funded Program in accordance with the approved grant application and budget, supporting documents, and other representations made in support of the approved grant application.

Further, AmeriCorps Special Provisions (2005-2006) Section IV.M. *Budget and Programmatic Changes* requires grantees to obtain Corporation approval for changes to the program and grant requirements.

**Recommendations:**

We recommend that the Corporation:

- 9a. Require The Corps Network to provide a calculation that identifies the amount that would have been reimbursed to each subgrantee using the terms of the grant application compared to the amounts that were actually disbursed; and
- 9b. Ensure The Corps Network complies with its approved grant application and obtains Corporation approval for budget and programmatic changes.

**The Corps Network's Response:** The Corps Network agrees with these recommendations and can provide the calculation of reimbursements to each subgrantee using the terms of the grant application as indicated.

**Corporation's Response:** The Corporation agrees the program was not implemented as approved. The Corporation agrees that The Corps Network needs to provide a calculation that identifies the amount that would have been reimbursed to each subgrantee following the terms of the approved grant application. Based on that information, the Corporation will determine final resolution.

**Accountants' Comment:** The corrective actions described above are responsive to our recommendations.

**APPENDIX A**

**THE CORPS NETWORK'S  
RESPONSE TO AGREED-UPON PROCEDURES REPORT**

**RESUBMIT**

Stuart Axenfeld, Assistant Inspector General for Audit  
Corporation for National and Community Service  
Office of the Inspector General  
1201 New York Avenue, NW– Suite 830  
Washington, DC 20525

January 23, 2009

Dear Stuart Axenfeld:

Thank you for the opportunity to provide comments on the Draft Audit Report on the Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to The Corps Network.

We look forward to working with the Office of Inspector General and other Corporation staff towards successful resolution of the recommendations in the report.

The detailed comments follow. Should you need additional information, please feel free to contact me at (202) 737-6272.

Sincerely,



Marty O'Brien, Vice-President and Chief Operating Officer, The Corps Network

Cc: Sally T. Prouty, President and CEO, The Corps Network  
Tanya Simpson, Grants and Projects Director, The Corps Network  
Nancy Siegal, Director of Finance and Administration, The Corps Network

## **OIG Draft Audit Report – Responses by The Corps Network**

### **Finding 1. Subgrantee claimed unallowable and unsupported costs**

#### **CNCS OIG Recommendations:**

1a. Recover the disallowed costs;

1b. Recover the administrative costs related to the disallowed costs; and

1c. Instruct The Corps Network to review applicable regulations and develop policies and procedures to ensure claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.

#### **The Corps Network’s Response:**

1a&b. The Corps Network believes that all disallowed costs and related administrated costs identified with the Gulf Coast Recovery Corps project should not be recovered, since this project was originally based on a fixed-rate agreement for its subgrantees. Under this format, neither a detailed breakdown of budgeted expenses, or itemized documentation for match costs (timesheets, invoices, and receipts for expenses) were required by subgrantees. In the case of Southwest Conservation Corps, the total disallowed costs identified – \$179,378 in match funds – are based on the subgrantee receiving funds on a reimbursement basis rather than a fixed price agreement.

1c. The Corps Network welcomes all training and guidance offered by CNCS to effectively manage its grants. Additionally, The Corps Network has already begun taking steps to strengthen its oversight for all grant funds. This includes the hiring of a Grants and Projects Director to oversee all grants management activities across the organization and developing standardized processes for all CNCS awards based on the applicable cost principles and regulations for each grant. The Corps Network has also instituted a Corrective Action Policy with its subgrantees to address any programmatic or financial compliance issues. Additionally, a more rigorous process for sub-grantee monitoring including site visit and desk audits to review both programmatic and financial compliance of the grant will be utilized by all grant and program staff. This information will be included in the organization-wide grants management manual currently being developed by The Corps Network. This will ensure allowability of all grant expenses, through consistent review of documentation for use of grant funds, including costs associated with the required match.

### **Finding 2. Some member contracts were not signed before applicants started service.**

#### **CNCS OIG Recommendations:**

2. The Corporation requires The Corps Network to strengthen its training and monitoring of member contracts to ensure that member contracts are signed prior to the start of service.

### **The Corps Network's Response:**

The Corps Network agrees with this recommendation. Within each of its grant funded programs, The Corps Network clearly communicates the importance of member contracts being signed in advance of their term of service. This is outlined within the policies and procedures manual for each program, and regularly reinforced throughout the year through newsletters, conference calls and other correspondence. Going forward, all Program staff will review a random sample of member contracts during desk audits and site visits.

Additionally, each subgrantee is expected to notify all relevant staff of the need for contracts to be signed before the start of a Corpsmembers service, and providing formal training for new staff members who administer the AmeriCorps program at their local sites. Each subgrantee is also responsible for ongoing review of Corpsmember files to ensure that member contracts are completed accurately and on a timely basis.

### **Finding 3. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.**

#### **CNCS OIG Recommendations:**

3a. Train The Corps Network on the requirements for member evaluations and ensure it strengthens its training and monitoring procedures for conducting and documenting member evaluations; and

3b. Verify the implementation of The Corps Network's training and monitoring procedures for member evaluations.

#### **The Corps Network's Response:**

3a. The Corps Network disputes this finding. The June 2008, Volume 3, Number 3, issue of AmeriCorps State and National Policy Update communication, includes the following statement:

*In the past, the Provisions were silent as to whether EAPs were required to comply with the regulatory requirement to perform member evaluations. Starting in 2008-2009, EAPs will have to comply with the regulation, which is designed to ensure that members are evaluated sufficiently to determine eligibility for a second term of service.*

In June 2008, The Corps Network has communicated the new regulation to each of its subgrantees and included information into the procedures manuals for each CNCS funded programs. The Corps Network has also provided sample evaluation forms for subgrantees to use to ensure compliance with this regulation. The sample evaluation form meets the AmeriCorps requirements regarding what should be evaluated and documented during the mid- and end of term evaluations. Each subgrantee is also required to train new staff and provide ongoing review of corpsmember files to ensure that member evaluations are completed accurately and on a timely basis.

**3b.** The Corps Network can provide documentation of training offered to Program staff and sites as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each CNCS-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review documentation of member evaluations during desk audits and site reviews.

**Finding 4. Subgrantees had weaknesses in member timekeeping procedures.**

**CNCS OIG Recommendations:**

4a. Provide guidance to The Corps Network on proper member timekeeping procedures;

4b. Require The Corps Network to strengthen its training and monitoring to ensure that subgrantees maintain proper member timesheets;

4c. Verify implementation of The Corps Network's timesheet training and monitoring; and

4d. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

**The Corps Network's Response:**

4a. Because many subgrantees within The Corps Network's portfolio complete service projects in remote locations, this often poses challenges for members to complete and submit timesheets. Although most sites have formal processes to allow ample time for completion and verification of timesheets, there are instances where timesheets may not be properly completed. The Corps Network welcomes any guidance from CNCS on member timekeeping procedures, particularly for subgrantees operating in remote locations.

4b. The Corps Network will continue to update its procedures manuals for each program which is shared with subgrantees, and develop policies addressing the requirements for subgrantees in timekeeping procedures for all Program Staff of The Corps Network to follow during desk audits and site visits to ensure timekeeping procedures are followed correctly. The Corps Network can also provide training to all of its Program Staff and subgrantees regarding timekeeping procedures.

4c. The Corps Network can provide documentation of training offered to Program staff and sites, as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each CNCS-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review timekeeping procedures during desk audits and site reviews.

4d. Please see the comments below for each subgrantee with questioned costs:

*Minnesota Conservation Corps*

All 3 education awards in question are the result of a post-submission timesheet adjustment and the requirement of double data entry. When updated timesheets were re-submitted for payroll, WBRS was not modified to reflect the adjusted lower numbers of hours for that pay period. This issue will be resolved when MCC discontinues the use of WBRS and relies entirely upon payroll data collected at the end of a member's term to certify they have completed the correct number of hours.

The entire education award of a Corpsmember should not be questioned over a discrepancy of 10 hours. Instead the award should be deemed a partial award and the amount in question should reflect the hours not served rather than the total amount of the award.

Note: MCC reviewed the timesheets several times with Cotton & Company and in each case came up with the member obtaining more than the full number of hours through volunteer time accounted on MCC AmeriCorps Volunteer timesheets. Repeated attempts at asking the reviewers to review the members volunteer timesheets to be certain that all volunteer hours were counted were ignored.

*Vermont Youth Conservation Corps*

In the case of the VYCC, two members education awards are being questioned. Discrepancies between the WBRS data and physical timesheets resulted from a missed data error correction post timesheet submittal. In some cases AmeriCorps members do not complete their required hours prior to the completion of the VYCC AmeriCorps program. In these cases the VYCC works with the member to find suitable host volunteer sites to complete volunteer hours to bring the members total hours up to their required 1700 hours. In these cases hours logged are reported to the VYCC headquarters staff from remote locations (often the member's home community) verbally and by a hard copied mailed to the VYCC headquarters. In these two cases, this led to hours being double counted in WBRS.

For the two cases in question, both Corpsmembers completed 1,645 and 1,655 hours respectively. They have completed 96.76% and 97.35% of their required service and in this case should thus be eligible for \$4572.13 and \$4599.78 of their education award. This would leave \$278.08 as a total questioned cost for both members.

*Corrective Actions:* As Cotton & Co. noted AmeriCorps requirements did not specifically address timesheet procedures. Despite this the VYCC has implemented training for its headquarters staff to ensure accuracy on timesheets submitted. It has also implemented an internal self audit of AmeriCorps member timesheets requiring that all timesheets are double checked for accuracy prior to an AmeriCorps Member being exited from the program.

**Finding 5. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's WBRS in accordance with AmeriCorps requirements.**

**CNCS OIG Recommendations:**

- 5a. Train The Corps Network on proper completion of member enrollment, change of status, and exit forms and ensure The Corps Network strengthens training and monitoring of member forms at its sites; and
- 5b. Verify that member forms at The Corps Network sites are properly completed and submitted in accordance with grant requirements.

**The Corps Network's Response:**

5a&b. The Corps Network agrees with these recommendations, and welcomes any training offered by CNCS on proper completion of member enrollment, change of status, and exit forms. The Corps Network can provide a sample report used to verify completion of member enrollment/exit forms for each site. Additionally, The Corps Network can also provide documentation of policies included in each CNCS-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review member exit/enrollment forms during desk audits and site reviews. Additionally, The Corps Network regularly reinforces the importance of accurate member enrollment and exit forms throughout the year through newsletters, conference calls and other correspondence.

**Finding 6. Subgrantees did not conduct orientation training or document member attendance at orientation for all members.**

**CNCS OIG Recommendations:**

- 6a. Provide guidance to The Corps Network on procedures to ensure that its programs and subgrantees conduct, maintain, and retain documentation to support member attendance at orientation;
- 6b. Require The Corps Network to strengthen its training and monitoring procedures of orientation requirements for programs and subgrantees; and
- 6c. Verify implementation of the orientation procedures.

**The Corps Network's Response:**

**6a.** Each CNCS-funded program manual has an outline of expectations during Orientation, and required that proof of orientation be clearly identified either on the individual member's timesheet or on a sign-in sheet from the orientation. As a second source of documentation, The Corps Network also provides each subgrantee with a sample Member File Checklist which includes a line for the date(s) the member attended orientation. Going forward, subgrantees will be required to provide an orientation agenda during scheduled site visits or desk audits. The Corps Network welcomes any additional guidance from CNCS on conducting, maintaining, and retaining documentation to support member attendance at orientation.

**6b.** The Corps Network will continue to update its procedures manuals for each program which is shared with subgrantees, and develop policies addressing the requirements for

subgrantees in timekeeping procedures for all Program Staff of The Corps Network to follow during desk audits and site visits to ensure guidelines for member orientation are followed correctly. The Corps Network can also provide training to all of its Program Staff and subgrantees regarding documentation of member orientation.

6c. The Corps Network can provide documentation of training offered to Program staff and sites, as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each CNCS-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review member orientation documentation during desk audits and site reviews.

**Finding 7. The Corps Network and its subgrantees' financial management systems did not adequately account for and report grant costs in accordance with Federal requirements.**

**CNCS OIG Recommendations:**

7a. Ensure that The Corps Network maintains complete, accurate, and timely accounting records;

7b. Require that The Corps Network train subgrantees to maintain complete, accurate, and timely accounting records; and

7c. Ensure that The Corps Network and its subgrantees report program income on the FSRs.

**The Corps Network's Response:**

7a. On a monthly basis, the Corps Network Program staff reviews reimbursement requests from sites by comparing each request to the subgrantee budget and appropriate documentation. Once reimbursements are processed, each Program Director works directly with the Director of Finance & Administration to ensure consistency between program financial tracking and accounting records (Profit and Loss statement & General Ledger). Any issues are reconciled on a timely basis. On a semi-annual basis, Program staff also completes its FSR to be submitted to CNCS based on similar FSR's submitted by each subgrantee. Once reports have been verified and compiled, Program Staff then works directly with the Director of Finance and Administration to ensure FSR is consistent with all accounting records.

The Corps Network may have end of year adjustments based on its Annual Audit, which may require FSR's to be adjusted once the Annual Audit becomes finalized. In these instances when a CNCS grant becomes affected by EOY adjustments, The CNCS Grants Officer is notified immediately and FSR's are updated to reflect these changes. A paper copy of both the original and updated FSR's are kept on file within each grant folder. Any additional guidance offered by CNCS is welcomed by The Corps Network.

7b. In addition to regularly scheduled conference calls and including guidance into the procedures manual for each program, The Corps Network can offer training to its subgrantees on strategies to ensure complete, accurate and timely accounting records.

7c. CNCS will now require The Corps Network to use the FFR rather than the FSR, which will require the reporting of program income generated. The Corps Network will update its financial reporting forms to be completed by each subgrantee requesting the same information. This information will be compiled and included into the FSR submitted for each program by The Corps Network. Additionally, The Corps Network can offer training on how to correctly calculate program income for its Program staff and subgrantees through conference calls, newsletters, and during required meetings held for subgrantees during its Annual Corps Forum.

**Finding 8. The Corps Network did not ensure that subgrantees complied with AmeriCorps requirements for member eligibility and living allowance payments.**

**CNCS OIG Recommendations:**

8a. Require The Corps Network to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with eligibility and living allowance AmeriCorps requirements; and

8b. Verify implementation of the training and monitoring.

**The Corps Network's Response:**

8a. The Corps Network agrees with this recommendation and welcomes any guidance offered by CNCS. The Corps Network will continue to update its procedures manuals for each program which is shared with subgrantees, and develop policies addressing the requirements for subgrantees in member eligibility and living allowance payments for all Program Staff of The Corps Network to follow during desk audits and site visits to ensure procedures are followed correctly. The Corps Network can also provide training to all of its Program Staff and subgrantees regarding member eligibility and living allowance payments.

8b. The Corps Network can provide documentation of training offered to Program staff and sites as well as specific policies to be included into The Corps Network grant management manual. The Corps Network can also provide documentation of policies included in each CNCS-funded program procedures manual for subgrantees, and the subgrantee monitoring tool used to review member eligibility and living allowance payments during desk audits and site reviews.

**Finding 9. The Corps Network did not operate its GCRC Program in accordance with the approved grant application.**

**CNCS OIG Recommendations:**

9a. Require The Corps Network to provide a calculation that identifies the amount

that would have been reimbursed to each subgrantee using the terms of the grant application compared to the amounts that were actually disbursed; and 9b. Ensure The Corps Network complies with its approved grant application and obtains Corporation approval for budget and programmatic changes.

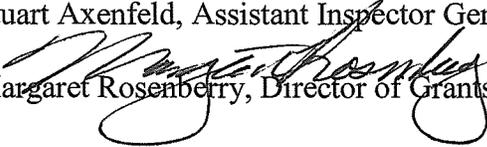
**The Corps Network's Response:**

9a&b. The Corps Network agrees with these recommendations and can provide the calculation of reimbursements to each grantee using the terms of the grant application as indicated.

**APPENDIX B**  
**CORPORATION'S**  
**RESPONSE TO AGREED-UPON PROCEDURES REPORT**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

**To:** Stuart Axenfeld, Assistant Inspector General for Audit

**From:**   
Margaret Rosenberry, Director of Grants Management

**Cc:** William Anderson, Deputy CFO for Finance  
Frank Trinity, General Counsel  
Lois Nembhard, Deputy Director of AmeriCorps National  
Sherry Blue, Audit Resolution Coordinator

**Date:** January 22, 2009

**Subj:** Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to  
The Corps Network

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Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's grants awarded to The Corps Network. We are addressing only one finding at this time. We will respond to all findings and recommendations in our management decision when the final audit is issued.

As the auditors noted, one of the three grants reviewed was awarded for fixed-rate subgrants, but not implemented according to the approved application. The Corporation agrees the program was not implemented as approved. We agree that The Corps Network needs to provide a calculation that identifies the amount that would have been reimbursed to each subgrantee following the terms of the approved grant application. In its response, the Network agrees and will provide the calculation of reimbursements to the Corporation. Based on that information, the Corporation will determine final resolution.

The Corporation will address the remaining questioned costs and other findings during audit resolution after the audit is issued as final.